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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - JANUARY 2617,
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11. The following are brief items of interest compiled by Embassy
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TABLE OF CONTENTS

CIVIL SOCIETY

- Gomel Opposition Files Suit against Election (para. 2)
- GOB Detains and Drafts Youth Activists (para. 3)

INTERNATIONAL RELATIONS

- Deputy FM Calls Vietnam a Strategic Partner (para. 4)
- Belarus to Sign Cooperation Agreement with Chechnya (para. 5)

INTERNATIONAL TRADE AND INVESTMENT

- Ministers Approve Export Development Plan (para. 6)
- MAZ Seeks Increased Auto Sales to Kazakhstan (para. 7)

DOMESTIC ECONOMY

- No Rise in GSM Velcom Rates Despite Tax Hike (para. 8)
- Minsk Court Starts IECB-Bank Bankruptcy Hearing (para. 9)

SOCIETY

- Thirteen Executives on Trial for Human Trafficking (para. 10)
- Belarus' Population Shrinks Annually by 50,000 (para. 11)
- Belarus to Maintain Only One Juvenile Prison (para. 12)
- QUOTE OF THE WEEK (para. 13)

CIVIL SOCIETY

12. Gomel Opposition Files Suit against Election Results

On January 25, former opposition United Civil Party regional council candidate Leonid Sudalenko appealed to the Gomel Regional Court to invalidate the official election results in his district. According to independent election observers, approximately 2,500 voters fewer turned out in five precincts of the district than were reported by the district election commission. The district election commission head reportedly refused a recount on the grounds that observers from the pro-GOB Belarusian Republican Youth Union had not recorded any violations of electoral regulations.

13. GOB Detains and Drafts Youth Activists

On January 24, independent media published several complaints of repression against the opposition youth organization Malady Front. Youth activist Anna Chepeleva reported that authorities in the northern city of Vitebsk had detained several activists on the day of the municipal elections and threatened to take away a five-year-old child adopted by a local couple if their older daughter continues her political activism. According to Malady Front member Dmitriy Fedoruk, 20 former students who were expelled from universities for political reasons were drafted into the army.

----- INTERNATIONAL RELATIONS -----

14. Deputy FM Calls Vietnam a Strategic Partner

On January 25, the 15th anniversary of the establishment of Belarusian-Vietnamese diplomatic relations, Belarus' Deputy Foreign Minister Viktor Gaysenok described Vietnam as Belarus' strategic partner and expressed strong interest in further developing humanitarian, economic and military-technical relations. Vietnamese Ambassador to Belarus Vu Xuan Ninh noted that President Lukashenko's upcoming visit to Vietnam would be a powerful impetus to the development of the bilateral relationship. That same day, Belarus' Interior Minister Vladimir Naumov arrived in Hanoi to hold talks with top Vietnamese law enforcement officials and sign a 2007-2008 cooperation protocol.

15. Belarus to Sign Cooperation Agreement with Chechnya

On January 25, a source in Belarus' Foreign Ministry confirmed to independent media that Belarus Prime Minister Sergey Sidorskiy is

MINSK 00000065 002 OF 003

expected to sign an agreement on social, economic, scientific, technical and cultural cooperation with the Chechen Republic of the Russian Federation. According to the source, the parties continue to discuss certain provisions of the draft and therefore it remains unclear when the agreement will be signed.

----- INTERNATIONAL TRADE AND INVESTMENT -----

16. Ministers Approve Export Development Plan

On January 22, Belarus' Council of Ministers authorized the GOB's 2007 action plan for the 2006-2010 national export development program, which includes 172 measures aimed at boosting exports of goods and services. The plan also calls for the creation of export crediting and insurance systems, including the reorganization of Belpromstroybank into an export-import bank. The 2006-2010 national export development program envisages two scenarios, one "basic" and the other "optimistic," with the latter being for a favorable situation in foreign markets. Export of services in 2010 would total USD 3.5 billion in 2010 under the basic scenario and USD 4 billion under the optimistic one. The export of goods would amount to USD 25.2 billion and USD 29.1 billion, respectively. Both scenarios project a steady export surplus.

17. MAZ Seeks Increased Auto Sales to Kazakhstan

On January 24, the Minsk Automobile Factory (MAZ) reported plans to export some 1,700 vehicles, including up to 1,200 trucks, to Kazakhstan in 2007. MAZ began exporting its automotive equipment to Kazakhstan in 2002 and sold 939 and 1,408 vehicles there in 2005 and 2006, respectively. From January 16 to 19, MAZ management and eight Kazakh dealership heads discussed increasing sales in Kazakhstan.

----- Domestic Economy -----

18. No Rise in GSM Velcom Rates Despite Tax Hike

On January 23, Belarus' GSM operator Velcom announced that its rates will not rise despite recent tax increases. The Minsk City Council has recently approved a measure raising the rate of the communication services tax from five to 10 percent, effective February 1, 2007. The tax rate also increased from seven to 10 percent in the southeastern Gomel region and from five to 10 percent in the eastern Mogilev region.

19. Minsk Court Starts IECB-Bank Bankruptcy Hearing

On January 23, the Minsk Economic Court started bankruptcy and foreclosure proceedings for the open joint-stock company International Economic Cooperation Bank (IECB-Bank). On July 19, the National Bank of Belarus (NBB) revoked in September 2006 the general and blanket licenses for banking operations in Belarusian rubles and foreign currency of IECB-Bank after the tax inspectors found that the bank did not possess enough property to meet claims. The bank retained the right to keep corporate accounts and provide settlement services to individuals (except taking deposits) and corporate clients, including correspondent banks. International Economic Cooperation Bank was registered on March 10, 2003 as a resident of the free economic zone in Minsk. Investors from Montenegro and the UK formed the authorized fund.

SOCIETY

10. Thirteen Executives on Trial for Human Trafficking

On January 23, Deputy Chief of Belarusian Interior Ministry's Trafficking Prevention Department Sergey Koltun reported that 13 executives of Belarusian modeling agencies are standing trial on a charge of trafficking Belarusian women for sexual exploitation. The executives were part of an international human trafficking ring that had lured more than 600 Belarusian women into prostitution in France, Turkey and the United Arab Emirates between 2002 and 2005. According to Koltun, during 2006 Belarusian police broke up 111 trafficking rings, which smuggled Belarusian women into 17 countries, including Austria, Germany, Greece, Lebanon, Lithuania, Poland, Russia and Turkey. Belarusian authorities recorded 567 trafficking crimes.

11. Belarus' Population Shrinks Annually by 50,000

On January 25, Belarus' Deputy Health Minister Robert Chasnoit announced that Belarus' population shrinks each year by

MINSK 00000065 003 OF 003

approximately 50,000 people because Belarus' death rate still exceeds the birth rate. Chasnoit characterized these figures as "large losses" and called upon Belarusians "to take joint measures to preserve the population of the nation and strengthen the health of those who are born now." The 1999 general census indicated that 10,045,200 people lived in Belarus. In late 2006, the Statistics Ministry estimated the country's population at 9,720,000.

12. Belarus to Maintain Only One Juvenile Prison

On January 24, Belarusian Minister of Internal Affairs Vladimir Naumov announced plans to maintain only one juvenile correctional facility in Belarus because juvenile crime appears to be declining. Currently under construction, the facility will replace a juvenile prison closed in 2005 and house between 500 to 700 inmates. Authorities plan to close Belarus' other only facility at a date to be determined later.

QUOTE OF THE WEEK

¶13. Upon the Belarusian upper parliamentary chamber's unanimous decision to reappoint her as Belarus' Central Election Commission Chair, Lidiya Yermoshina heralded the openness of the Belarusian election system and offered the following pledge:

"I cannot say that I would perform better because this would be an indirect admission that I did not perform very well before. I can only promise that I and other members of the Central Election Commission will honestly try to perform our functions for securing the electoral rights of citizens."

Stewart